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THOMAS J. SUGRUE
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September 16, 1997

William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

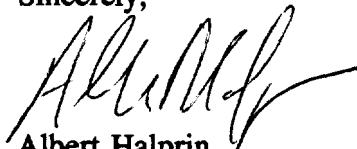
SEP 16 1997

Re: IB Docket No. 97-142. Notice of *Ex Parte* Submission

Dear Mr. Caton:

Duplicate copies of the enclosed *ex parte* submission in the above-referenced proceeding are being submitted on behalf of SITA (Société Internationale de Télécommunications Aéronautiques) for inclusion in the public record per the Commission's *ex parte* rules. This submission was delivered on September 16, 1997, to the addressees indicated on the attached submission.

Sincerely,


Albert Halprin
Counsel for SITA

No. of Copies made 021

September 16, 1997

Chairman Reed E. Hundt
Commissioner Quello
Commissioner Chong
Commissioner Ness
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Submission of SITA in IB Docket No. 97-142, Notice of Proposed Rulemaking for Rules and Policies on Foreign Participation in the U.S. Telecommunications Market

Dear Chairman and Commissioners:

SITA is filing this *ex parte* letter in response to ARINC's reply comments in the above-reference proceeding, which raise, for the first time, several assertions that SITA has not had an opportunity to address during the written comment cycle. As a result, SITA requests that the Commission consider this submission in its deliberations in this proceeding.

1. **Aeronautical Enroute Services Are Covered By The WTO Basic Telecommunications Agreement**

A. Private Services Are Covered By the Basic Telecommunications Agreement

ARINC asserts that the market for aeronautical enroute services should not be opened to foreign participation because they are private services. ARINC's current actions, however, are inconsistent with its words. ARINC is continuing to actively enter overseas markets to position itself as a competitor to existing providers while simultaneously seeking FCC protection from competition at home in the United States.^{1/} ARINC's position also is a radical departure from its prior statements that the FCC "should actively pursue opportunities to reduce the legions of unnecessary and antiquated obstacles other nations now

^{1/} For example, ARINC recently obtained a license to operate in Switzerland -- the home of SITA's headquarters. Despite its entry there and elsewhere, ARINC continues to argue that it should be entitled to protected monopoly status in the United States.

place in the path of users and service providers seeking to operate *private or public* telecommunications networks abroad.^{2/}

ARINC contends that aeronautical enroute services are non-commercial, non-public services and thus are not covered by the World Trade Organization ("WTO") Basic Telecommunications Agreement ("Agreement").^{3/} This is not the case. The WTO Basic Telecommunications Agreement obligations apply to all basic services, both public and private. The European Communities' commitment, for example, explicitly notes that both public and private services are covered by the Agreement.^{4/} Private services are only distinguished from public services in the Agreement for the purpose of a country noting differences in relevant obligations.^{5/} If the Agreement only covered public services, it would have been unnecessary for WTO members to explicitly make references distinguishing obligations that differed for private services. Many countries also refer to "Central Product Classification" codes, which specifically include public and private networks, in describing their commitments under the Agreement.^{6/} Furthermore, the European Union has

^{2/} Comments of ARINC and Air Transport Association of America in *Regulatory Policies and International Telecommunications*, Notice of Inquiry and Notice of Proposed Rulemaking, 2 FCC Rcd. 1022 at iv (1987) (emphasis added).

^{3/} See ARINC Reply Comments ("ARINC Reply") in *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, IB Docket No. 97-142, Order and Notice of Proposed Rulemaking (released June 4, 1997) ("*Foreign Participation NPRM*") at 3-7.

^{4/} See WTO Basic Telecommunications Agreement, European Communities and Their Member States Schedule of Specific Commitments, Apr. 11, 1997, GATS/SC/31/Suppl.3.

^{5/} See, e.g., Brazil's schedule of commitments distinguishing between specific obligations applicable to private and public services obligations. WTO Basic Telecommunications Agreement, Brazil's Schedule of Specific Commitments, Apr. 11, 1997, GATS/SC/13/Suppl.2. Some other examples include commitments from Romania, Israel, Czechoslovakia, Poland, Bulgaria, Bangladesh, Grenada and the Dominican Republic.

^{6/} See, e.g., Australia, the European Communities, Chile, Mexico, India, New Zealand, Korea, Japan, Romania, Bulgaria and Argentina, among others. Codes 7522 and 7523 cited by a large number of countries in conjunction with the categories listed in their commitments explicitly state that communications provided via public and dedicated (private) networks are included those descriptions. See *Provisional Central Product Classification*, United Nations Statistical Papers, at 222-225, U.N. Doc. ST/ESA/STAT/SER.M/77 (1991). Many countries also specifically reference code 7529, which includes, among other things, air-to-ground communications. See, e.g., commitments of Australia, the European Communities, Romania, Chile, Israel, Korea and Mexico.

specifically remarked in this proceeding that aeronautical enroute services are covered by the Agreement and that the proposed *ad hoc* licensing of such services is not compatible with the U.S. WTO commitments.^{7/}

ARINC also cites an informal WTO background paper in arguing that private services are not covered by the WTO.^{8/} That paper, in contrast to ARINC's assertions, explicitly says that the WTO negotiations included "*all telecommunications services both public and private* that involve end-to-end transmission of customer supplied information (e.g. simply the relay of voice or data from sender to receiver)."^{9/}

ARINC further cites to the 1994 Uruguay Round Annex on Telecommunications ("Annex") as limiting the negotiations solely to public telecommunications services.^{10/} The scope of the subsequent basic telecommunications negotiations, however, extended beyond public services (as well as the small number of signatories who made any commitments in those negotiations) to include private services. ARINC also claims that "subsequent WTO pronouncements" support its contention, but it merely cites to a document included with the Annex as part of the 1994 negotiations and released at the same time, not to any subsequent statements. Furthermore, the statement itself does not support ARINC's claim, it merely says that "the negotiations shall be

^{7/} European Union, Delegation of the European Commission *Ex Parte* Letter in *Foreign Participation NPRM*, August 5, 1997 at 9.

^{8/} See ARINC Reply at 4-5. While the quoted summary by the WTO states that it is not for official citation, SITA agrees with ARINC that it provides some useful guidance and some basis for the parties' comments. ARINC, however, selectively picks quotes from that document while ignoring its thrust, which is the opposite of ARINC's position. See World Trade Organization, *The WTO Negotiations on Basic Telecommunications*, March 6, 1997.

^{9/} World Trade Organization, *The WTO Negotiations on Basic Telecommunications*, March 6, 1997 at 2. Furthermore, the statement that ARINC cites only says that the "core" obligations (but not all of the WTO obligations) apply to public services, which means "essentially" (but not exclusively) basic public telecommunications. See ARINC Reply at 4-5 (quoting the informal paper saying that the telecommunications "Annex is composed of seven sections, but its core obligations are contained in a section on access to and use of 'public telecommunications transport networks and services' (meaning essentially basic public telecommunications)."). The WTO negotiations focused largely on public services, but certainly not at the exclusion of private services and the U.S. aim of removing restrictions in as many basic service sectors as possible.

^{10/} ARINC Reply at 4.

comprehensive in scope, with no basic telecommunications excluded *a priori*.^{11/} This goal of comprehensiveness without exclusion emphasizes the intent to include all basic services, including private services.

Limiting the application of the WTO to public telecommunications services also would not be in the public interest. Other countries likely would seize upon a public-private distinction to limit their own commitments. This would reduce the effectiveness of the Agreement and diminish the range of basic service sectors that would be opened to the United States. For example, as mentioned in SITA's comments, "carrier's carriers" that do not offer service to the public could be excluded from WTO obligations under an approach limiting the WTO commitments to only public services. Other countries could adopt such a model, among others, as a mechanism to perpetuate or create restrictions in sectors that otherwise would be covered by the WTO. As a result, any attempt to exclude private services from the WTO would encourage other countries to do the same and thus many existing and future services could fall outside the scope of the Agreement because they are not, or would not be, "offered to the public generally."

B. Aeronautical Enroute Services Are Basic, Not Enhanced, Services

ARINC also contends that aeronautical enroute services are enhanced, rather than basic services and thus are not covered by the WTO Agreement.^{12/} Enhanced services are open and unregulated and thus are not subject to licensing requirements as are basic services.^{13/} Therefore, if aeronautical enroute services constituted solely enhanced services, as ARINC seems to contend, then no licensing requirements would exist, nor could they be offered on the current monopoly basis. Insofar as they are licensed, aeronautical enroute services are basic services. Furthermore they are basic services, whether considered private or public, because they provide basic voice and data transmissions without altering the content or form of such transmissions. This is the case with SITA's VHF AIRCOM service.^{14/}

^{11/} *Id.* at 4 (quoting the General Agreement on Trade in Services, Decision on Negotiations on Basic Telecommunications, § 2).

^{12/} *Id.* at 7-8.

^{13/} *See* 47 C.F.R. § 64.702(a), which notes that enhanced services are not regulated under Title II of the Act.

^{14/} The data sent by SITA's users is the same as the data received by them. The only conversions applied in SITA's VHF AIRCOM service do not affect the data transported by the user and are solely used for the necessary ground and air system interfaces. This is similar to the conversion applied by a network for calls between fixed and mobile services that do not alter the content or form of the voice or data transported.

Furthermore, ARINC cites to the Commission's rules for the definition of enhanced services, but neglects to mention that in those rules, "enhanced service shall refer to services, offered over common carrier transmission facilities" ^{15/} Aeronautical enroute services, however, do not use underlying common carrier services to provide service and thus those services, by the definition that ARINC cites, cannot be enhanced.

Also, ARINC incorrectly claims that "non-commercial," or private services cannot ever be basic services. ^{16/} This is not the case and such a broad, indiscriminate classification is not correct. The distinction between basic and non-basic (i.e., enhanced) services hinges on the actual service provided, not solely on its classification as private or public. There are non-commercial, private services that are basic services, such as some specialized mobile radio services, as well as services transmitting voice or data from a user to a recipient over a private network that does not change the content or form of those transmissions. This is even recognized in the Agreement itself. As mentioned above, numerous countries referred to Central Product Classification codes (which specifically include private and public services) to describe the basic telecommunications sectors listed in their commitments.

C. Safety And National Security Will Be Maintained And Thus Aeronautical Enroute Services Should Not Be Excluded From WTO Obligations

ARINC asserts that aeronautical enroute services are not covered by the Basic Telecommunications Agreement because of safety and national security interests. ^{17/}

1. Public Safety Will Be Maintained

The General Agreement on Trade in Services does not state that signatories may exclude services that promote safety from WTO obligations and competition. It only allows exceptions to WTO obligations when noncompliance is *necessary* to protect safety. ^{18/} It simply is not necessary to maintain ARINC's monopoly and restrict foreign participation in aeronautical enroute services in order to protect safety.

^{15/} 47 U.S.C. § 64.702(a). See ARINC Reply at 7.

^{16/} See ARINC Reply at note 11 (asserting a distinction "between private non-commercial services, which are not 'basic' services, and common carrier or commercial services, which are.").

^{17/} *Id.* at 8-10.

^{18/} See General Agreement on Trade in Services, Apr. 15, 1994, 33 I.L.M. 1167, art. XIV (1994) (emphasis added).

First, air traffic control services are provided by the Federal Aviation Administration, not by aeronautical enroute service providers such as ARINC or SITA. No action in this proceeding will affect air traffic control safety. Second, the public safety aspects of aeronautical enroute services will be maintained and enhanced by the introduction of competition in that market. Competition will bring new networks that augment safety by adding redundancy and alternative services. This is particularly true with regard to SITA providing service in addition to ARINC. SITA's VHF AIRCOM service is not a derivative of ARINC's ACARS service as ARINC alleges, but the two systems are compatible. As a result, aircraft would not need to modify their equipment to use SITA's or ARINC's services. This would allow easy access to another provider that adds redundancy that further promotes safety. Competition also brings more efficient use of resources, better management, more consumer choice, and the incentives for improvement and investment. Furthermore, competitors would still be subject to U.S. laws protecting public safety and evaluating an aeronautical enroute service provider's ability to provide safe service.^{19/}

2. National Security Will Be Protected

Competition in aeronautical enroute services also will not harm national security. ARINC briefly mentions aeronautical enroute services supporting U.S. participation in the Civil Reserve Air Fleet ("CRAF") as its example of how national security might be affected.^{20/} However, allowing competition in aeronautical enroute services will not hinder the CRAF program. First of all, non-U.S. airlines do not participate in CRAF and their use of ARINC or other service providers in the United States are not connected in any way to CRAF. Furthermore, most U.S. airlines do not participate in the domestic segment of CRAF, and many U.S. airlines do not participate in one or the other of the CRAF international segments. Those airlines' choice of aeronautical enroute service providers therefore is also unrelated to the CRAF program.

For those remaining airlines that participate in various CRAF segments, their choice of aeronautical enroute service provider would not affect the United States' ability to mobilize those planes for CRAF use. It also would not prevent those airlines using SITA's services from choosing, for any reason, to use ARINC's compatible services while participating in CRAF. SITA, for its part, would operate its service in a manner consistent with the United States' ability to operate the CRAF program. In fact, SITA provides aeronautical enroute services to users in countries allied with the United States that operate similar programs.

^{19/} SITA, for its part, provides safe service throughout the world and in some of the busiest regions. As just one example, SITA provides service throughout Europe to many different airlines operating among close international boundaries where proper coordination and operation is crucial.

^{20/} See ARINC Reply at 9-10.

More generally, competition can enhance national security. As Chairman Hundt has remarked, "national security is enhanced by [foreign] investment that builds redundant or more efficient or more robust communications networks"^{21/} and foreign-owned networks are subject to U.S. laws^{22/} and government police powers.^{23/}

2. **The FCC's Current Rules Governing Aeronautical Enroute Services Are Not Consistent With The WTO**

A. Current Rules Are Inconsistent With Market Access And National Treatment

ARINC's assertion that the FCC's current rules are consistent with the WTO is incorrect.^{24/} First, the aeronautical enroute services rules are inconsistent with the market access obligations of the WTO. The one station licensee per location rule, discussed in SITA's comments and reply, has created a *de jure* and *de facto* monopoly in aeronautical services,^{25/} which is not permitted under the recently signed Basic Telecommunications Agreement. The market access provisions of the WTO require that a signatory "shall not *maintain or adopt*" measures that limit "the number of service suppliers whether in the form

^{21/} Chairman Reed Hundt, "Seven Habits of Hopefully Highly Successful Deregulatory Communications Policy People," Royal Institute of International Affairs, London, England (September 4, 1996) ("Chairman Hundt's Royal Institute of International Affairs Speech").

^{22/} See *WTO Telecom Agreement: Results and Next Steps Before the Subcomm. on Telecommunications, Trade, and Consumer Protection of the House Comm. on Commerce*, 105th Cong., 1st Sess. (March 19, 1997) (oral testimony of Reed Hundt, Chairman, FCC).

^{23/} See Chairman Hundt's Royal Institute of International Affairs Speech.

^{24/} See ARINC Reply at 10-11.

^{25/} ARINC claims it "is not a monopoly," but it later notes that "[t]he aeronautical enroute service has essentially one licensee." *Id.* at n.24 and 17. ARINC also contradicts its claim by noting only two years ago that it "is the sole licensee in the aeronautical enroute and fixed services in the conterminous United States and Hawaii." Comments of ARINC in *Market Entry and Regulation of Foreign-Affiliated Entities*, Notice of Proposed Rulemaking, 10 FCC Rcd. 5256 (1995) at 3. The FCC has also recognized that ARINC holds almost all of the thousands of aeronautical station licenses in the United States, except for a handful of licenses for stations used to provide "local area" service, usually in the immediate vicinity of an airport. See *Amendment of Part 87 to Clarify the Aeronautical Enroute Station Rules and Provide Two Additional Frequencies for Use by Small Aircraft Operating Agencies*, Report and Order, 87 F.C.C.2d 382, paras. 11, 12 (1981).

of numerical quotas, monopolies, exclusive service suppliers" or "the total number of service operations" unless provided for under the limitations specified in its schedule.^{26/} The United States made no such reservation or limitation for aeronautical enroute services.

Furthermore, the market access commitments do not permit a limitation "on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment."^{27/} The United States did not make any reservations retaining such limitations on indirect foreign investment in basic services.^{28/} Therefore, it is inconsistent with the WTO market access commitments to maintain ARINC's monopoly or foreign investment restrictions on aeronautical enroute services.

Additionally, the current rules are inconsistent with the national treatment obligations of the WTO. ARINC argues that discrimination against all aeronautical enroute service providers other than itself complies with the WTO. The existing rules still discriminate in favor of one private domestic entity, ARINC, at the exclusion of foreign participants. This is a fundamental violation of the national treatment obligations, which provide that member countries "shall accord to services and service suppliers . . . treatment no less favourable than it accords to its own like services and service suppliers."^{29/} As ARINC itself has stated, a policy "that makes no distinction between foreign and domestic firms by definition meets the obligation."^{30/} The current restrictions, however, make precisely this distinction by favoring ARINC, a domestic entity, over potential foreign competitors.

ARINC also claims that all foreign *users* (i.e., aircraft operators) have access to ARINC's aeronautical enroute facilities monopoly, which ARINC claims fulfills the market access requirements of the WTO.^{31/} The Agreement, however, is intended to provide market access and national treatment for *service providers*. The current rules governing aeronautical enroute services do not provide this market access and national treatment to foreign service providers seeking to enter the U.S. market.

^{26/} See General Agreement on Trade in Services, arts. XVI(2)(a) and 2(c) (emphasis added).

^{27/} General Agreement on Trade in Services, art. 2(f).

^{28/} With the exception of its general reservation for specific satellite services, which exempts those services from all the Basic Telecommunications Agreement obligations.

^{29/} General Agreement on Trade in Services, art. XVII(1).

^{30/} ARINC Reply at 11.

^{31/} *Id.* at 11 (emphasis added).

B. Frequency Management Is Not A Basis For Excluding Competition

ARINC also argues that spectrum limitations prevent competition in aeronautical enroute services.^{32/} As SITA has noted, this is not necessarily the case. Technologies have evolved and frequency coordination has become increasingly possible and prevalent, particularly since the 1930 observation ARINC cites for its proposition claiming "insufficient" available frequencies for competition in aeronautical enroute services.^{33/} Technical abilities also have improved, and the public benefits of competition have been more widely recognized, since the 1980 FCC order ARINC also cites to justify its monopoly by arguing that elimination of the one station licensee per location rule would make efficiency suffer, limit the ability to coordinate frequencies and make consumers less satisfied.^{34/} Such reasoning comes from a period before competition in even the interexchange marketplace was recognized by the FCC as in the public interest and the existing monopoly made the same types of assertions at that time. The Commission has rejected every similar monopolistic contention since that period. ARINC's assertions are a reminder of a distant era when regulated monopolies were thought to be the best way to serve the public interest. Now, however, it is recognized that competition results in, among other things, lower costs to consumers, innovative service offerings and better quality, efficient use of available spectrum, and better management. Furthermore, these supposed spectrum limitations did not stop ARINC from requesting that it be allowed to provide service in Alaska, despite the presence of an existing aeronautical enroute service provider.^{35/}

SITA believes that there is capacity available in the frequency band allocated to aeronautical enroute services for an additional service provider. This is particularly true for data services, such as the SITA VHF AIRCOM service, which makes more efficient use of the VHF spectrum than voice and did not even exist when the FCC introduced the one station licensee per location rule. As SITA stated in its initial comments, SITA "would only require a single channel (from among over 120 channels assigned to aeronautical services) to provide data service for the entire United States."^{36/}

^{32/} *Id.* at 11-14.

^{33/} *Id.* at 13 (citing the Federal Radio Commission Fourth Annual Report).

^{34/} *Id.* at 13-14 (citing *Petition for Rulemaking to Amend Part 87*, Memorandum Opinion and Order, RM-3113, (Jan. 24, 1980) para. 22.)

^{35/} *See Amendment of Part 87 to Clarify the Aeronautical Enroute Station Rules and Provide Two Additional Frequencies for Use by Small Aircraft Operating Agencies*, Report and Order, 87 F.C.C.2d 382, para. 24 (1981).

^{36/} SITA Comments in *Foreign Participation NPRM* at 19.

Frequency management should not be used as a justification for excluding foreign competition as ARINC urges. The WTO requires that signatories must perform frequency management in a manner that is "reasonable, objective and impartial" and does "not constitute unnecessary barriers to trade in services."^{37/} Use of spectrum management to exclude foreign participation when there are no technical or other reasons for such exclusion in aeronautical enroute services would be inconsistent with the WTO.^{38/}

ARINC cites to the Commission's tentative conclusion in its *DISCO II* Further Notice of Proposed Rulemaking that in a satellite service, "for which U.S. satellites have already been licensed, we would not expect to authorize a non-U.S. licensed satellite to serve the United States if grant would create *debilitating* interference problems or where the *only technical solution* would require the licensed systems to *significantly alter their operations*."^{39/} Although this is only a tentative conclusion in an on-going proceeding regarding satellites, if these conditions were applied to aeronautical enroute spectrum, sharing that spectrum with SITA's VHF AIRCOM data service would not cause "debilitating interference." Moreover, SITA's VHF AIRCOM service complies with the same industry standards as the ARINC ACARS service, which already shares the frequency band with voice services.

3. Conclusion

ARINC's position that the Commission continue its one station licensee per location rule and also use an *ad hoc*, case-by-case review of indirect foreign investment,^{40/} is not consistent with the WTO market access and national treatment obligations. *Ad hoc* licensing also does not meet the WTO's requirements for transparent, objective and impartial

^{37/} See World Trade Organization, Group on Basic Telecommunications, Chairman's Note, Feb. 3, 1997, S/GBT/4; General Agreement on Trade in Services, arts. VI(1) and (4).

^{38/} At times, ARINC claims that it functions as nothing more than a frequency manager (*see* ARINC Reply at 15-16), but it is not merely a neutral arbiter of industry needs. Instead, ARINC is a service provider selling its services and aggressively seeking to leverage its monopoly position to favorably compete in foreign markets.

^{39/} *Amendment of the Commission's Regulatory Policies to Allow Non-U.S.-Licensed Space Stations to Provide Domestic and International Satellite Service in the United States*, Further Notice of Proposed Rulemaking, IB Docket NO. 96-111; CC Docket No. 93-23 (rel. July 18, 1997) ("*DISCO II*"), para 38 (emphasis added). *See* ARINC Reply at 12-13. ARINC, however, replaces the word "satellite" in the quotation with "[entity]" in an apparent attempt to give it broader application.

^{40/} ARINC Reply at 1, 17-18.

regulation.^{41/} Despite the United States' WTO obligations, ARINC duplicitously seeks protection of its monopoly at home while actively entering markets abroad, claiming those markets should be open while the U.S. market should remain closed for ARINC's advantage.

Furthermore, the restrictions that ARINC seeks are not in the public interest. ARINC has made pleas for maintaining its monopoly and preventing market access by using arguments that the United States, and more specifically the FCC, has argued adamantly against. The FCC has achieved major success in opening basic telecommunications markets worldwide through the Basic Telecommunications Agreement and other initiatives and to adopt ARINC's proposals and reasoning for continued monopoly protection and market access restrictions is not only violative of the WTO, but invites significant negative repercussions. It would stand in stark contrast to the FCC's leadership role in the WTO negotiations and provide a convenient excuse for any country that wants to avoid its WTO commitments.^{42/}

Moreover, several airlines already have expressed interest in SITA providing service in the United States as a competitive alternative to ARINC, despite ARINC's claim to the contrary.^{43/} A sampling of letters from airlines stating such interest are attached, but are not an inclusive list of all those that are interested in SITA providing service in the United States.

For all of these reasons, and those set forth in SITA's comments and reply comments, ARINC's arguments should be disregarded and the Commission should (1) permit 100 percent indirect foreign ownership in aeronautical enroute services as it proposes for

^{41/} See General Agreement on Trade in Services, arts. III(1) and (4). See also SITA Comments at 14-16.

^{42/} ARINC's additional contention that the lack of experience in allowing foreign participation in the aeronautical enroute services market is an "eminently reasonable" basis for using an *ad hoc* licensing approach, instead of openly removing its foreign participation restrictions, is flawed. This Agreement represents the first set of commitments to competition for most countries. Their lack of historical experience with removing regulatory restrictions does not permit them to avoid implementation of their WTO obligations. The Basic Telecommunications Agreement represents *new* commitments for its signatories and does not rely on experience levels or prior approaches for implementation. Furthermore, no "injury" to an entity is required before WTO implementation takes place as ARINC alleges. See ARINC Reply at 1, 17. The Basic Telecommunications Agreement only requires that signatories implement the Agreement by January 1, 1998, unless otherwise noted.

^{43/} See ARINC Reply at 17.

other basic services; and (2) eliminate the one station licensee per location rule in order to effectively implement the Basic Telecommunications Agreement obligations.

Sincerely,

A handwritten signature in black ink, appearing to read "Albert Halprin", written in a cursive style.

Albert Halprin
Counsel for SITA

cc: Regina Keeney
Diane J. Cornell
Robert Mc Donald
Kathy O'Brien
Susan O'Connell
Adam Krinsky
John Giusti
John Bartlett, Attorney for ARINC

Dr Michael Chrystall
IM Network Services Manager



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To Georges Giraudbit
VP, Air-Ground Services
SITA
Geneva
Switzerland

British Airways would welcome an extension of SITA's VHF AIRCOM service to cover the United States, and would seriously consider using the service if and when available. British Airways fully supports the principle of competition in aeronautical services, as this stimulates innovation, cost reductions and quality improvements and leads to choice for customers.

Yours sincerely

(Signature)

Mike Chrystall

(Title)

*Mgr Telecom Svcs
British Airways*

REQU 1e

05 SEP. 1997

REP:.....



CATHAY PACIFIC

Cathay Pacific Airways Limited
Concorde Road
Hong Kong International Airport
Kowloon, Hong Kong

1st September 1997

SITA
26, Chemin de Joinville, B.P. 31
1216 Cointrin
Geneva
Switzerland

Attn : Georges Giraudbit

Dear Mr. Giraudbit,

Cathay Pacific Airways Ltd. would welcome an extension of SITA's VHF AIRCOM service to cover the United States, and would seriously consider using the service if and when available. Cathay Pacific Airways Ltd. fully supports the principle of competition in aeronautical services, as this stimulates innovation, cost reductions and quality improvements and leads to choice for customers.

Yours sincerely,

Captain J. Turner
General Manager Operations

JT/py

REQU le

CHINA AIRLINES

REP:.....

China Airlines Ltd.

No. 131 Nanking E. Rd. 3rd Sec.
Taipei, Taiwan, R.O.C.
September 10, 1997

Georges Giraudbit
Vice President, Air-Ground Service
SITA
26 CHEMIN DE JOINVILLE
CASE 31,
1216 COINTRIN - GENEVA
Switzerland

Dear Mr. Giraudbit:

China Airlines would welcome an extension of SITA VHF AIRCOM service to cover the United States, and would seriously consider using the service if and when available.

China Airlines fully supports the principle of competition in aeronautical services, as this stimulates innovation, cost reductions and quality improvements and leads to choice for customers.

Yours sincerely



David Wu
Deputy Director
Information Management Center
China Airlines

中国南方航空股份有限公司
China Southern Airlines Co., Ltd.



15 September 1997

SITA
Vice President, Air-Ground Service
26, Chemin de Joinville, B.P. 31
1216 Cointrin
Geneva
Switzerland

Attn: Georges Giraudbit

Dear Mr. Giraudbit,

China Southern Airlines Co. Ltd. Would welcome an extension of SITA's VHF AIRCOM service to cover the United States, and would seriously consider using the service if and when available. China Southern Airlines Co. Ltd. fully supports the principle of competition in aeronautical services, as this stimulates innovation, cost reductions and quality improvements and leads to choice for customers.

Yours sincerely,


Gao Ming

Telecom Manager

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